

State of Delaware Risk, Cost and Utilization for Employee Health Plans

FY17 and FY18

October 2019



Population – Includes active employees, early retirees (non-Medicare) and their spouses and dependents.

Relative Risk (RR) – The Relative Risk Score assigned to an individual indicates the expected relative cost risk of a individual during the report time period compared to the average, expressed on a scale of 100. The average (100) represents the average for the nationwide dataset on which the model was developed. This score is produced by DCG models.

Risk Categories

Healthy - represents nearly 50% of the privately insured under-65 U.S. population, who account for less than 5% of total healthcare cost. Most patients in this category are infrequent or non-utilizers of the healthcare system, most often being treated for occasional low severity acute conditions

Stable - represents nearly 25% of the privately insured under-65 U.S. Population who account for 10-15% of total healthcare cost. Most patients in this category are somewhat active utilizers of the healthcare system, most often being treated for low-severity acute conditions.

At Risk - represents between 15 and 20% of the privately insured under-65 U.S. population, who account for 20-25% of total healthcare cost. Most patients in this category are active utilizers of the healthcare system, most often being treated for multiple medium-severity acute conditions and/or low-severity chronic conditions.

Struggling- represents between 5 and 10% of the privately insured under-65 U.S. population, who account for 25-30% of total healthcare cost. Most patients in this category are heavy utilizers of the healthcare system, most often being treated for multiple high-severity acute conditions and/or medium-severity chronic conditions.

In Crisis - represents the top 2% of the privately insured under-65 U.S. population, who account for approximately 30% of total healthcare cost. Most patients in this category are heavy utilizers of the healthcare system, most often being treated for multiple severe acute and/or chronic conditions.

Key Metrics and Time Periods

In this report, medical net payments on per member per month basis are used for comparison. For cost, the full 12 month experience for FY17 (July 2016 – June 2017) is compared to the full 12 month experience (July 2017 – June 18) for FY18. Visits per 1000, emergency room visits per 1000 and admissions per 1000 are used for comparison of health services utilization.

Background

- In consideration of the impact of GHIP care management initiatives on GHIP program performance, including Highmark's Clinical Care Management Unit (CCMU) and Aetna's HMO Carelink, IBM Watson Health refreshed the FY17 and FY18 migration, risk, cost and utilization analysis, previously shared with the SEBC in May 2018
 - Original analysis compared the first half of FY17 (July 2016 – December 2016) to the first half of FY18 (July 2017 – December 2017)
 - Refreshed analysis reflects full 12 months of experience comparing FY17 (July 2016 – June 2017) to FY18 (July 2017 – June 2018)
- This analysis summarizes relative risk scores, incurred costs per member per month (PMPM), utilization patterns, and high cost claimant experience year over year by plan for the active and pre-65 retiree populations, including key cohorts of employees migrating from terminated Highmark plans into new plans for FY18

Key findings

- In FY18, Highmark PPO plan participants have a higher average relative risk score (154) than Aetna HMO (133), First State Basic (111) and CDH (108) plan participants
 - Highmark PPO risk score increased from 148 in FY17 to 154 in FY18
 - Aetna HMO risk score increased from 130 in FY17 to 133 in FY18
 - Members in Aetna HMO in both FY17 and FY18: risk score increased from 130 to 135
 - Members migrating from Highmark HMO: risk score increased from 117 to 132, bringing the overall risk score for the Aetna HMO down slightly from 135 to 133
- Net payments PMPM increased by 7% for the Highmark PPO and 10% for the Aetna HMO
 - Net payments PMPM for members migrating from Highmark HMO into Aetna HMO: -3%
 - Net payments PMPM for members migrating from Highmark CDH into Aetna HMO: +15%
 - Net payments PMPM for members in other plans (primarily Aetna HMO) in FY17 and electing Aetna HMO in FY18: +21%
- High cost claimant frequency (members per 1,000 with >\$200k net payments) increased across all plans
 - Enrolled in Highmark PPO in FY18 +31% (regardless of plan election in FY17)
 - Enrolled in Aetna HMO in FY18 +77% (regardless of plan election in FY17)
 - Members migrating from Highmark HMO: +28%
 - Members migrating from Highmark CDH: +0%
 - Members migrating from other plans (primarily Aetna HMO in both years): +268%

Key findings

Overall utilization trends

- The tables below compare key utilization metrics for FY18 compared to FY17 (data can be found on pages 11-14)

per 1,000 members	HMO	CDH	FSB	PPO
	Aetna	Aetna	Highmark	Highmark
Inpatient Admits	▼ 3.2%	▼ 26.2%	▼ 11.5%	▼ 3.4%
ER Visits	▲ 0.5%	▼ 5.4%	▼ 0.4%	▲ 3.5%
Office Visits	▲ 0.9%	▲ 2.1%	▲ 9.2%	▼ 1.6%

Aetna HMO per 1,000 members	Members from		
	Highmark HMO	Highmark CDH	All Other Plans
Admits	▼ 26.3%	▼ 13.5%	▲ 38.4%
ER Visits	▲ 5.9%	▼ 11.3%	▲ 4.3%
Office Visits	▼ 6.6%	▼ 7.4%	▼ 0.6%

Highmark PPO per 1,000 members	Members from		
	Highmark HMO	Highmark CDH	All Other Plans
Admits	▼ 7.5%	▼ 33.4%	▼ 2.5%
ER Visits	▲ 2.8%	▲ 21.8%	▲ 3.0%
Office Visits	▲ 2.0%	▼ 1.2%	▼ 1.0%

- Increase in net payments for Aetna HMO plan participants in part driven by increases in inpatient admissions for existing Aetna plan members
- Highmark PPO plan ER utilization increased slightly across all cohorts, while inpatient admissions were down for all cohorts

What plans did the former members of HighMark HMO and HighMark CDHP enroll in at the start of FY18 and what were the relative risk (RR) of these cohorts?

Of the 32,408 members enrolled in HighMark HMO (RR 131) in June 2017:

- 20,186 (62.3%, RR 117) enrolled in Aetna HMO;
- 677 (2.1%, RR 95) enrolled in Aetna CDHP;
- 1,428 (4.4%, RR 113) enrolled in HighMark First State Basic;
- 9,167 (28.3%, RR 149) enrolled in HighMark PPO;
- 52 (<1% enrolled in Medicfill); and
- 898 (2.8%) were not enrolled in any State of Delaware plan.

Of the 3,391 members enrolled in HighMark CDHP (RR 99) in June 2017:

- 157 (4.6%, RR 76) enrolled in Aetna HMO;
- 2,437 (71.9%, RR 87) enrolled in Aetna CDHP;
- 264 (7.8%, RR 97) enrolled in HighMark First State Basic;
- 464 (13.7%, RR 128) enroll in HighMark PPO; and
- 69 (2.0%) were not enrolled in any State of Delaware Plan.

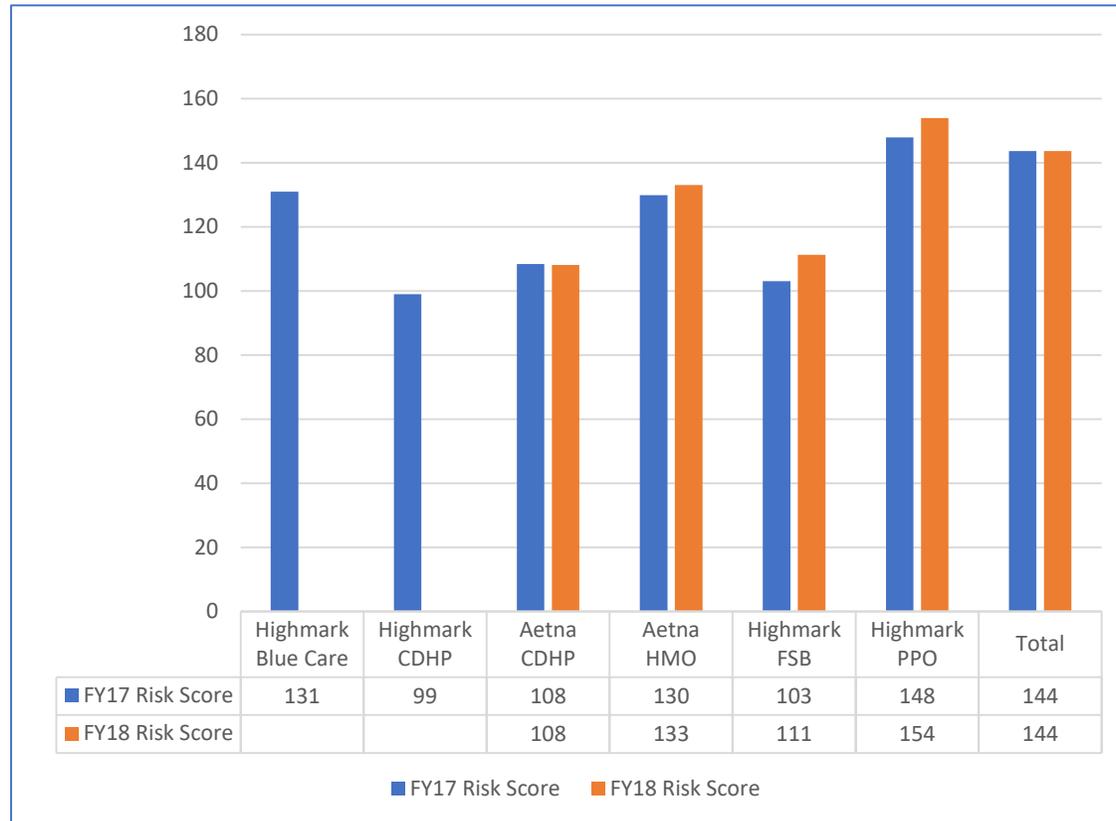
Of the HighMark HMO population in June 2017:

- Most members moved to Aetna HMO in July 2017. This group was at lower relative risk than the whole HighMark HMO Population.
- The second largest movement was to HighMark PPO. This group was at greater relative risk than the whole HighMark HMO Population.

Of the HighMark CDHP population in June 2017:

- Most members moved to Aetna CDHP in July 2017. This group was at lower relative risk than the whole HighMark CDHP population.
- The second largest movement was to Highmark PPO. This group was at greater relative risk than the whole Highmark CDHP population.

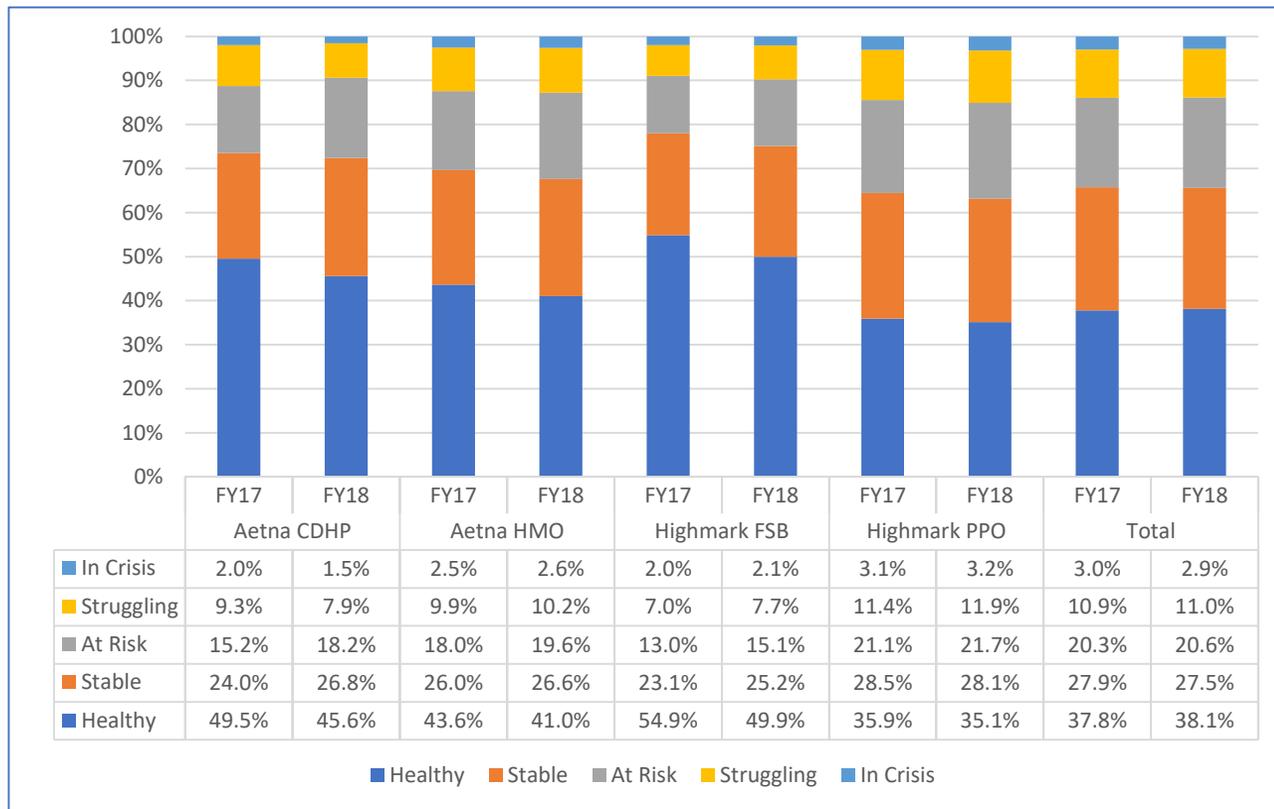
Risk Scores by Plan FY17 and FY18¹



Average risk for active employees, early retirees and their dependents remained stable from FY17 to FY18. Plan changes resulted in an increase in average risk for Aetna HMO, Highmark FSB and Highmark PPO.

¹Based on concurrent risk scores for FY17 and FY18.

Distribution of Members by Plan and Risk Category FY17 and FY18



Highmark First State Basic and Aetna CDHP had the highest proportion of healthy and stable members in both FY17 and FY 18 while Highmark PPO had the highest proportion of members falling into the struggling or in-crisis categories.

As reflected by the increase in average risk, Aetna HMO, Highmark FSB and Highmark PPO each had an increase in proportion of members classified as at-risk, struggling or in-crisis.

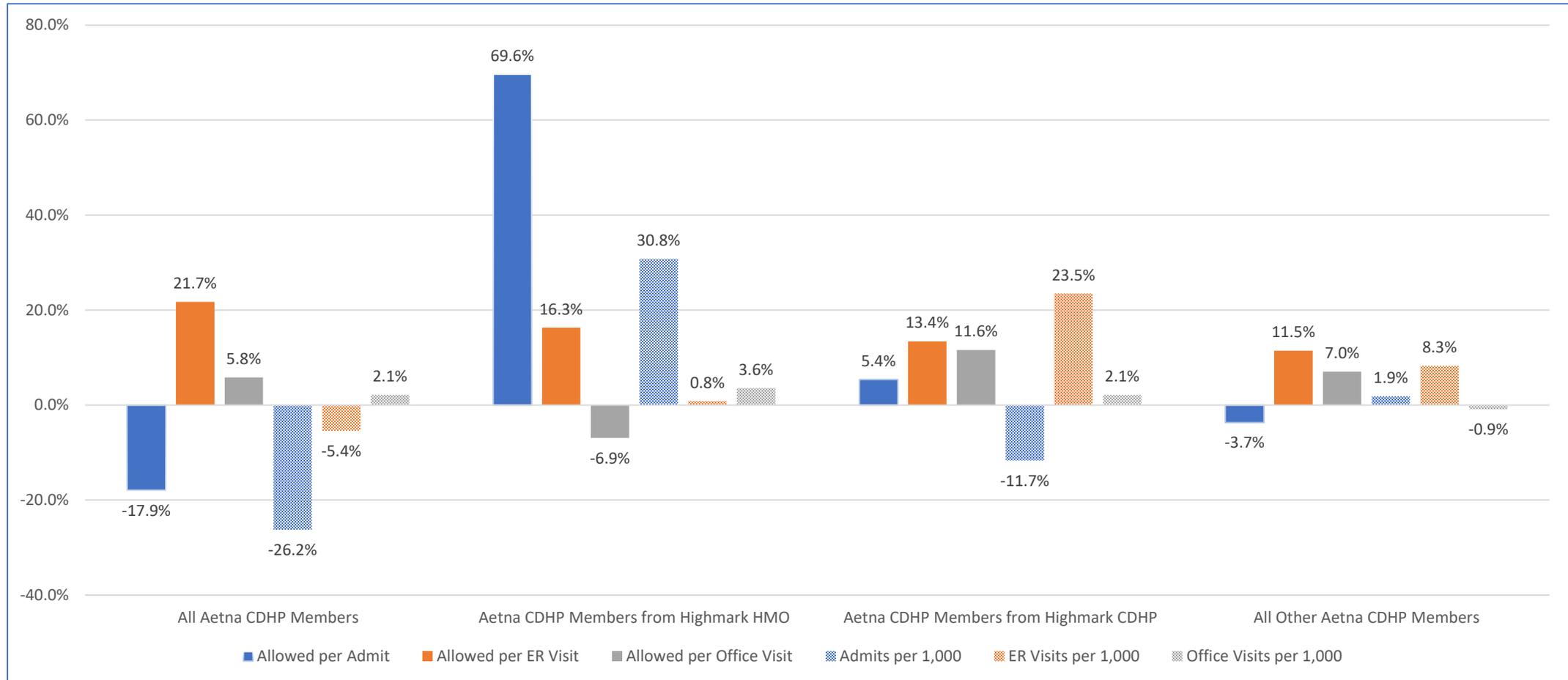
Net Payments Per Member Per Month (PMPM) FY17 and FY18

	All Medical Payments			Outpatient Medical Payments			Inpatient Payments		
	FY 2017	FY 2018	Trend	FY 2017	FY 2018	Trend	FY 2017	FY 2018	Trend
All Aetna CDHP Members	\$271	\$278	3%	\$200	\$208	4%	\$70	\$70	-1%
Members from Highmark HMO (n=677)	\$187	\$280	50%	\$150	\$189	26%	\$37	\$91	148%
Members from Highmark CDHP (n=2,437)	\$179	\$282	57%	\$120	\$211	77%	\$59	\$70	17%
All Other Aetna CDHP Members	\$271	\$291	7%	\$200	\$218	9%	\$70	\$72	3%
All Aetna HMO Members	\$310	\$340	10%	\$219	\$236	8%	\$88	\$103	17%
Members from Highmark HMO (n=20,186)	\$336	\$327	-3%	\$225	\$231	3%	\$110	\$96	-13%
Members from Highmark CDHP (n=157)	\$225	\$257	15%	\$141	\$188	33%	\$83	\$69	-17%
All Other Aetna HMO Members	\$310	\$374	21%	\$219	\$249	14%	\$88	\$123	39%
All Highmark FSB Members	\$294	\$307	4%	\$164	\$206	26%	\$128	\$98	-24%
Members from Highmark HMO (n=1,428)	\$312	\$243	-22%	\$217	\$162	-25%	\$93	\$79	-15%
Members from Highmark CDHP (n=264)	\$178	\$322	81%	\$149	\$235	57%	\$28	\$85	204%
All Other First State Basic Members	\$294	\$337	15%	\$165	\$226	37%	\$128	\$109	-15%
All Highmark PPO Members	\$455	\$489	7%	\$308	\$334	8%	\$145	\$152	5%
Members from Highmark HMO (n=9,167)	\$501	\$513	2%	\$315	\$357	13%	\$185	\$153	-17%
Members from Highmark CDHP (n=464)	\$374	\$470	26%	\$242	\$359	48%	\$130	\$110	-16%
All Other PPO Members	\$454	\$484	6%	\$308	\$329	7%	\$144	\$152	6%
All Members	\$414	\$428	3%	\$275	\$293	7%	\$137	\$132	-3%

Aetna CDHP

Cost and Utilization Trends

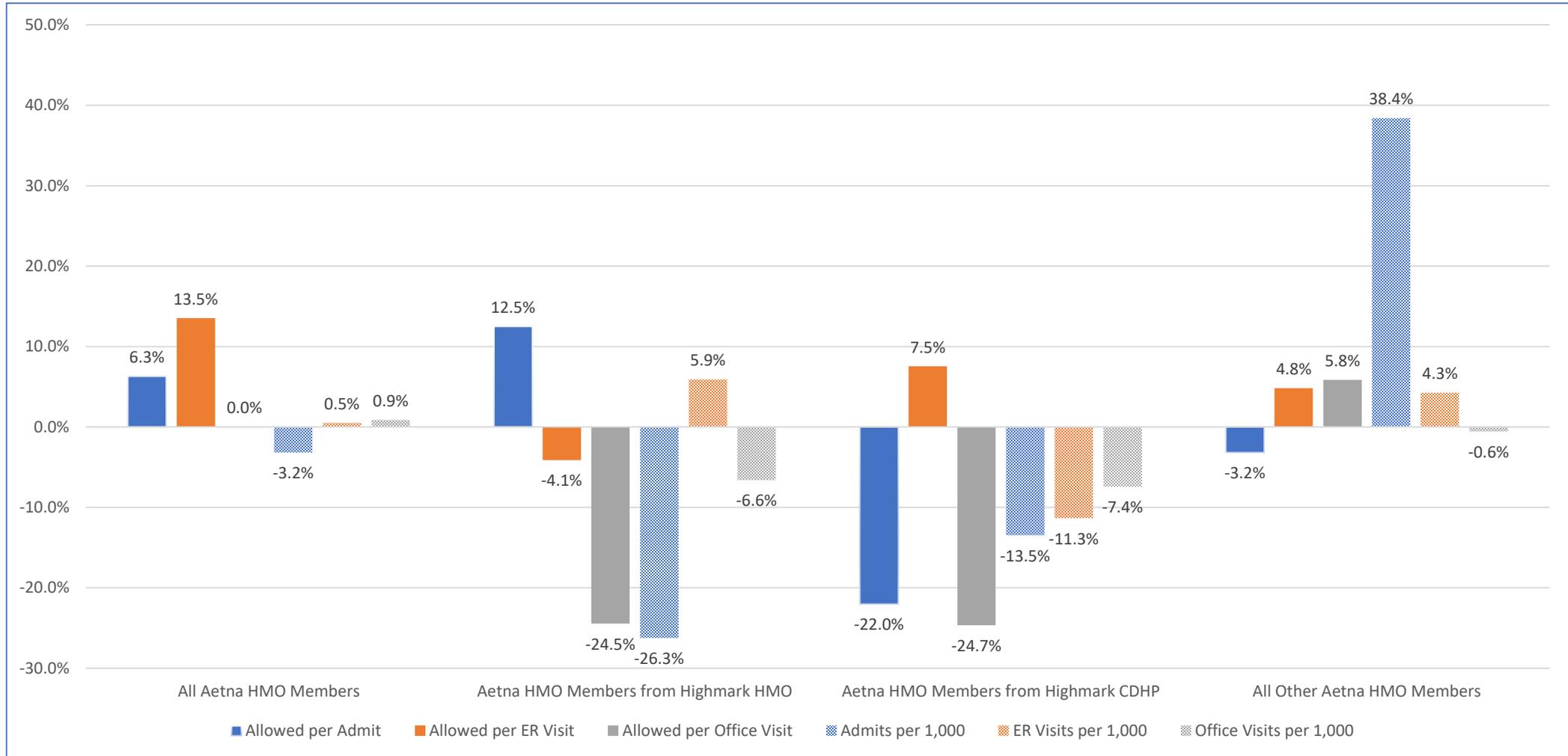
Trend - FY18 Compared to FY17



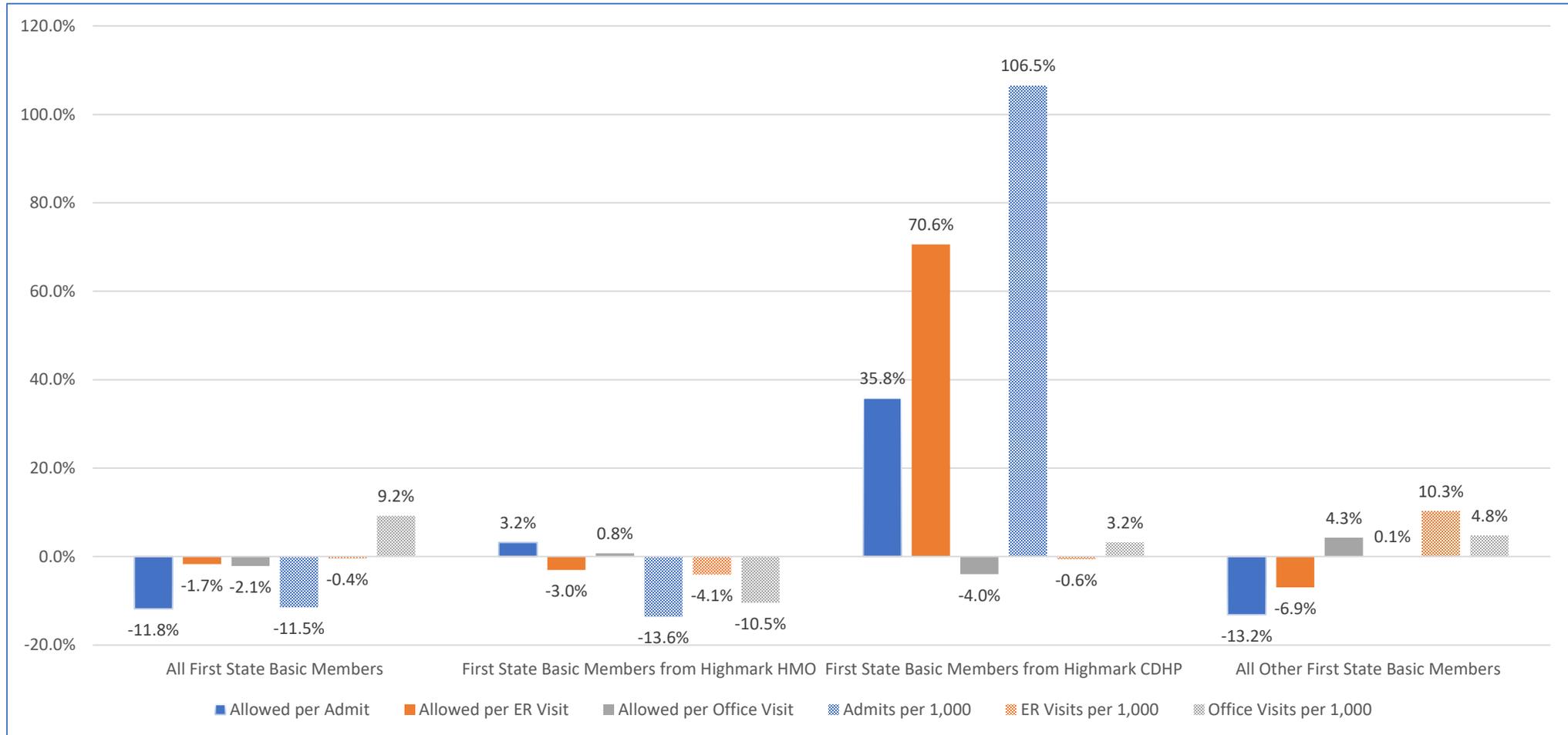
Aetna HMO

Cost and Utilization Trends

Trend - FY18 Compared to FY17



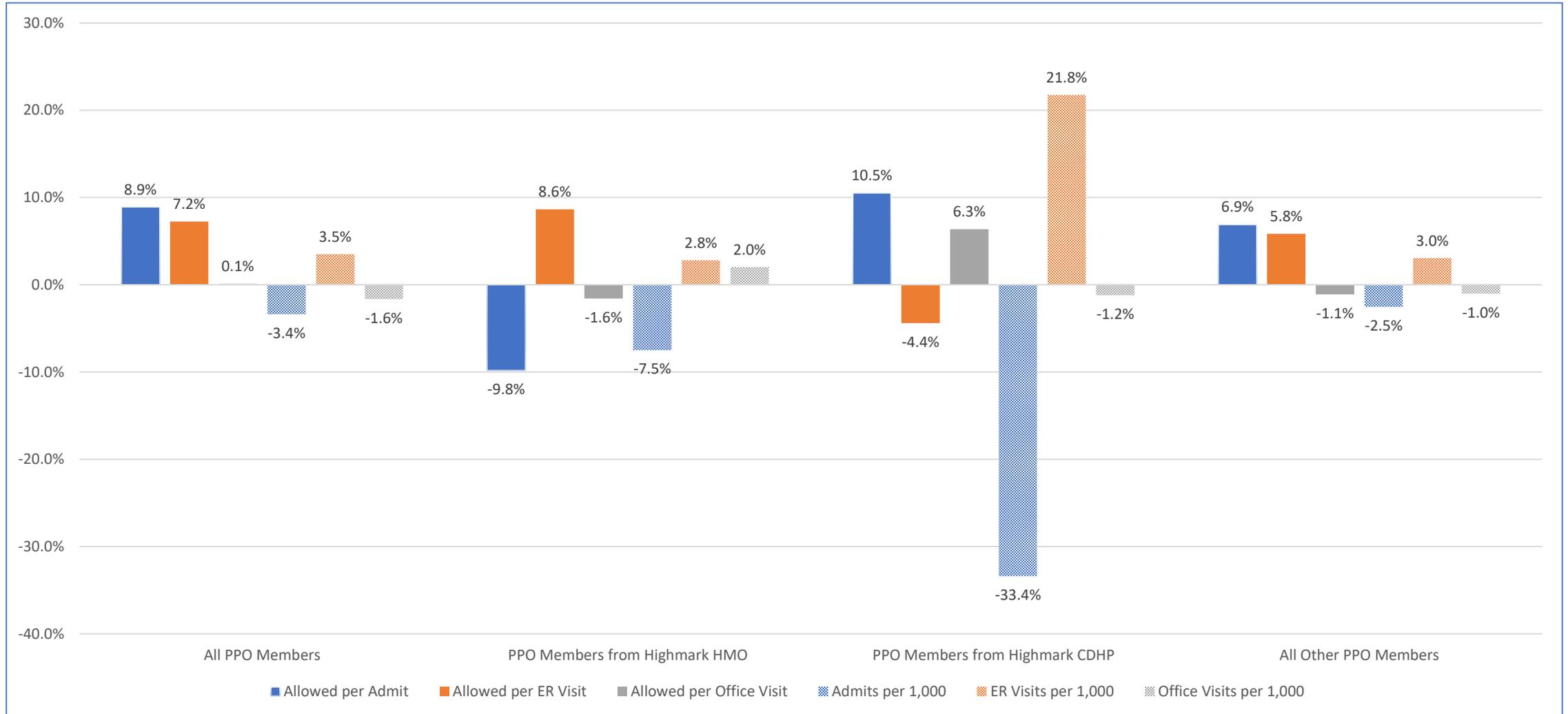
Highmark First State Basic Cost and Utilization Trends Trend - FY18 Compared to FY17



Highmark PPO

Cost and Utilization Trends

Trend - FY18 Compared to FY17



Average Members, High Cost Claimants (HCCs) and Net Payments for HCCs² FY17 and FY18

	Average Members		High Cost Claimants		Net Payments for HCCs	
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018
All Aetna CDHP Members	1,027	4,874	1	6	\$327,191	\$1,797,692
Members from Highmark HMO	662	662	0	1	\$0	\$287,404
Members from Highmark CDHP	2,270	2,294	3	3	\$728,877	\$1,263,023
All Other Aetna CDHP Members	1,026	1,950	1	3	\$327,191	\$721,314
All Aetna HMO Members	6,907	27,957	5	50	\$1,550,955	\$17,319,285
Members from Highmark HMO	19,600	19,420	22	28	\$7,319,604	\$10,319,778
Members from Highmark CDHP	149	151	0	0	\$0	\$0
All Other Aetna HMO Members	6,905	8,621	5	23	\$1,550,955	\$7,744,579
All First State Basic Members	2,148	4,657	3	13	\$850,838	\$3,375,263
Members from Highmark HMO	1,371	1,375	2	2	\$856,985	\$517,621
Members from Highmark CDHP	248	253	0	0	\$0	\$0
All Other First State Basic Members	2,142	3,053	3	11	\$850,838	\$2,857,642
All PPO Members	51,445	60,264	115	195	\$39,751,618	\$66,599,130
Members from Highmark HMO	8,982	8,920	34	35	\$12,259,330	\$12,745,981
Members from Highmark CDHP	440	447	2	1	\$504,765	\$788,276
All Other PPO Members	51,418	50,846	114	158	\$39,348,639	\$52,605,423

²High cost claimants include members with total net payments of \$200,000 or greater during the respective fiscal year.